

2009-2010 TENNESSEE GUIDE TO

Tennessee

CALL CENTERS

Tennessee Department of Economic & Community Development



Call Centers

This industry is comprised of businesses primarily engaged in answering services and telemarketing bureaus.

- In 2007, there were 156 telephone call centers in Tennessee, employing over 8,200 people with an average annual salary of \$29,284.
- Tennessee's growth estimates indicate there will be projected increases within the next few years in total call center employment of over 14,000 people.

*Sources: US Department of Labor,
Bureau of Labor Statistics 2008*



TELEPHONE ANSWERING SERVICES

This sector of the industry is singularly engaged in answering telephone calls and relaying messages to clients.

DID YOU KNOW?...

- In 2007 the number of telephone answering service centers was 37 facilities employing over 500 people with an annual average salary of \$27,976.



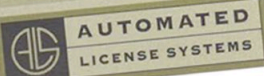
TELEMARKETING BUREAUS

This sector contains establishments engaged in providing telemarketing services on a contract or fee basis including such activities as (1) promoting products or services, (2) taking orders for clients, and (3) soliciting contributions and/or providing information for clients.

DID YOU KNOW?...

- In 2007, there were 120 telemarketing bureaus, employing 7,736 people with an average annual wage per worker of \$29,369.

Sources: U.S. Department of Labor, Bureau of Labor Statistics 2009;
2007 U.S. NAICS, U.S. Census Bureau



TO WHOM IT MAY CONCERN:

Re: Automated License Systems, Inc. ("ALS") – Celina/Clay County Location ("Celina Facility")

Dear Madams/Sirs:

In 2006 ALS began a search for a location for a second call center in order to supplement the capacity of, and provide geographic separation and redundancy from, the call center located in our Nashville, Tennessee headquarters.

We quickly identified Celina and Clay County as a potential location due to the factors of (1) availability of a building that appeared to meet all our needs; (2) existence of a mature work force with call center experience, and (3) good geographic redundancy from our headquarters.

While we felt and learned upon investigation that the Celina/Clay County location did meet our needs, our decision was made much easier by the fact that we received extraordinary cooperation and assistance from the local officials in Celina and Clay County. Those officials worked together harmoniously in the effort to assist us and we couldn't have been happier with the cooperation we received.

Our Celina Facility has been open since September, 2006 and during that time we have increased our employment there to over 35 workers, with expectation of that number growing to over 50 this year. We have been entirely satisfied with the quality of the Celina/Clay County work force. They have been reliable and capable, with turnover virtually non-existent.

Based on our entirely positive experience with the governments, citizens and workers of Celina and Clay County, we would wholeheartedly and without reservation recommend that area to other business seeking a favorable environment.

Sincerely,

AUTOMATED LICENSE SYSTEMS

Ernest D. (Denny) Bennett, III
Chief, Corporate Services
dbennett@als-xtn.com
615-263-4257, ext. 2162

Today, most of the largest employers in this business are in the customer service field. Six of these customer service call centers each employ over 1,000 workers.

| TOP 20 LARGEST CALL CENTERS IN TENNESSEE | | | |
|---|--------------|---|-------------|
| COMPANY | CITY | SERVICE | EMPLOYEES** |
| Convergys Corporation | Clarksville | Customer Service Center | 1800 |
| CITI Commerce Solutions | Gray | Credit Card Processing | 1700 |
| Ford Motor Credit | Franklin | Consumer Automotive Financing Customer Care | 1700 |
| Tennessee Telemarketing, Inc. | Boones Creek | Telemarketing | 1300 |
| Verizon Wireless | Murfreesboro | Call Center | 1200 |
| Sprint PCS | Nashville | Customer Service | 1100 |
| American General Life & Accident Insurance Co. | | Customer Service Center for Life Insurance Company | 1000 |
| Cingular Wireless | Johnson City | Telemarketing Services | 900 |
| NOVA Information System | Knoxville | Credit Card Processing | 873 |
| Advanced Call Center Technologies, Inc | Johnson City | Customer Service Center -- Janitorial | 850 |
| T-Mobile USA, Inc | Antioch | Call Center | 850 |
| T-Mobile | Chattanooga | Wireless Telecom Services and Call Center | 842 |
| Blue Cross Blue Shield | Chattanooga | Health Care Insurance Customer | 800 |
| Site Corporation | Memphis | 1-800-Medicare | 800 |
| State Farm Insurance Co. | Murfreesboro | Customer Care Center for Insurance | 795 |
| Internal Revenue Service | Nashville | Service Center | 750 |
| Convergys Corporation | Chattanooga | Provides Telemarketing Services | 700 |
| Jewelry Television by ACN | Knoxville | Cable shopping network orders | 700 |
| T-Mobile | Nashville | Customer Service | 700 |
| Advanced Call Center Technologies, Inc | Johnson City | Inbound/Outbound Call Center | 650 |

**Includes growth estimates and projections.

Source: Call Centers in Tennessee, TN ECD—Division of Research and Planning March 2008.

There are several reasons for the rapid growth of telephone call centers in the state, all of which should make Tennessee your first choice for business.

- ▶ **Competitive wages**
- ▶ **Sizeable industry base**
- ▶ **Capable and educated workforce**
- ▶ **Incentives**

Note that wages are also an indication of the education and capability of the Tennessee labor pool for this industry that has seen sustainable growth despite national trends.

DID YOU KNOW?...

COMPETITIVE WAGES

Tennessee maintains a steady state in terms of annual wage increases exhibiting a 11% rise in wages as opposed to the 20-35% spread seen in other southeastern states. As the table indicates, Tennessee is the only state in which the Call Center Industry has both maintained a steady rate of annual wage, and achieved 51% increase in growth for the 2001 – 2007 time period.

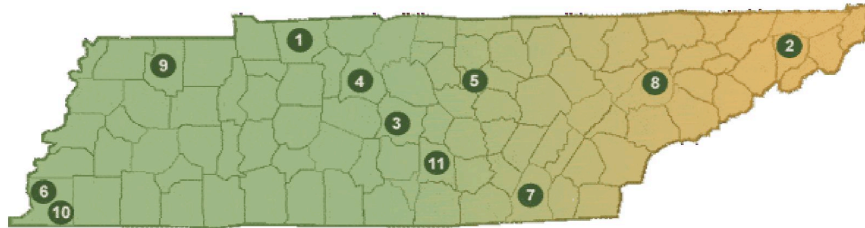
| | Annual Wage per Worker | | | # of Establishments | | |
|-----------|------------------------|---------------------|------------|---------------------|------------|------------|
| | 2001 | 2007 | % Increase | 2001 | 2007 | % Growth |
| AL | \$ 14,637.00 | \$ 22,414.00 | 35% | 112 | 92 | -18% |
| AR | \$ 12,879.00 | \$ 19,771.00 | 35% | 65 | 83 | 28% |
| FL | \$ 22,964.00 | \$ 30,407.00 | 24% | 511 | 606 | 19% |
| GA | \$ 21,879.00 | \$ 26,193.00 | 16% | 141 | 208 | 48% |
| KY | \$ 17,843.00 | \$ 22,901.00 | 22% | 83 | 89 | 7% |
| LA | \$ 12,823.00 | \$ 16,676.00 | 23% | 99 | 79 | -20% |
| NC | \$ 19,380.00 | \$ 21,474.00 | 10% | 143 | 120 | -16% |
| OH | \$ 17,709.00 | \$ 21,677.00 | 18% | 218 | 251 | 15% |
| SC | \$ 14,575.00 | \$ 24,814.00 | 41% | 60 | 75 | 25% |
| TN | \$ 26,199.00 | \$ 29,284.00 | 11% | 103 | 156 | 51% |
| VA | \$ 16,488.00 | \$ 25,059.00 | 34% | 160 | 157 | -2% |

Source: U.S. Department of Labor, Bureau of Labor Statistics, 2008



ENERGETIC, CAPABLE AND EDUCATED WORKFORCE:

Tennessee has a large number of institutions of higher education. Universities, colleges and technical schools within Tennessee's metropolitan areas give call centers access to an extensive labor pool of intelligent, energetic, and capable workers. Following are illustrated graphics depicting Tennessee's institutions of higher education delineated by type of institution and geographical area.



PUBLIC UNIVERSITIES

- | | |
|---------------------------------------|--|
| 1. Austin Peay State University | 7. University of Tennessee at Chattanooga |
| 2. East Tennessee State University | 8. University of Tennessee at Knoxville |
| 3. Middle Tennessee State University | 9. University of Tennessee at Martin |
| 4. Tennessee State University | 10. University of Tennessee Health Sciences Center |
| 5. Tennessee Technological University | 11. University of Tennessee Space Institute |
| 6. University of Memphis | |

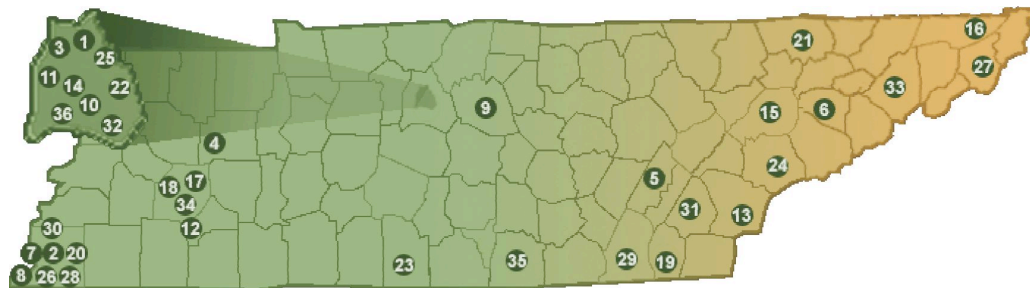
Source: Tennessee Higher Education Commission



PUBLIC COMMUNITY COLLEGES

- | | |
|--|--|
| 1. Chattanooga State Technical Community College | 8. Northeast State Technical Community College |
| 2. Cleveland State Community College | 9. Pellissippi State Technical Community College |
| 3. Columbia State Community College | 10. Roane State Community College |
| 4. Dyersburg State Community College | 11. Southwest Tennessee Community College |
| 5. Jackson State Community College | 12. Volunteer State Community College |
| 6. Motlow State Community College | 13. Walters State Community College |
| 7. Nashville State Technical Community College | |

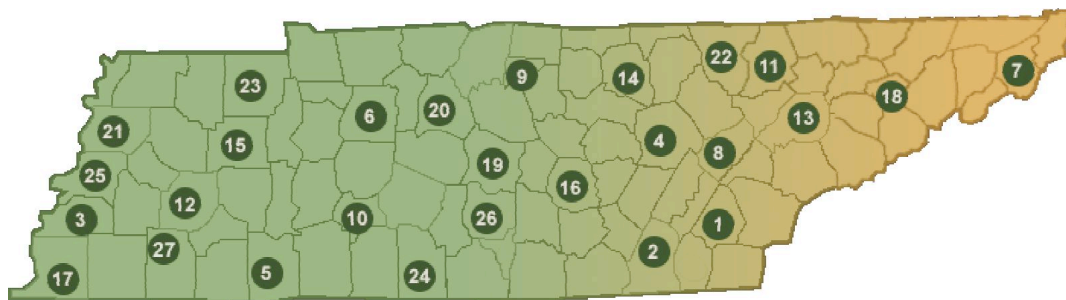
Source: Tennessee Higher Education Commission



INDEPENDENT COLLEGES AND UNIVERSITIES

- | | |
|--|---------------------------------------|
| 1. Aquinas College | 19. Lee University |
| 2. Baptist College of Health and Science | 20. LeMoyne-Owen College |
| 3. Belmont University | 21. Lincoln Memorial University |
| 4. Bethel College | 22. Lipscomb University |
| 5. Bryan College | 23. Martin Methodist College |
| 6. Carson-Newman College | 24. Maryville College |
| 7. Christian Brothers University | 25. Meharry Medical College |
| 8. Crichton College | 26. Memphis College of Art |
| 9. Cumberland University | 27. Milligan College |
| 10. Fisk University | 28. Rhodes College |
| 11. Free Will Baptist Bible College | 29. Southern Adventist University |
| 12. Freed-Hardeman University | 30. Southern College of Optometry |
| 13. Hiwassee College | 31. Tennessee Wesleyan College |
| 14. John A. Gupton College | 32. Trevecca Nazarene University |
| 15. Johnson Bible College | 33. Tusculum College |
| 16. King College | 34. Union University |
| 17. Lambuth University | 35. University of the South (Sewanee) |
| 18. Lane College | 36. Vanderbilt University |

Source: Tennessee Higher Education Commission



TENNESSEE TECHNOLOGY CENTERS

- | | |
|-----------------|-----------------------|
| 1. Athens | 15. McKenzie |
| 2. Chattanooga | 16. McMinnville |
| 3. Covington | 17. Memphis |
| 4. Crossville | 18. Morristown |
| 5. Crump | 19. Murfreesboro |
| 6. Dickson | 20. Nashville |
| 7. Elizabethton | 21. Newbern |
| 8. Harriman | 22. Oneida/Huntsville |
| 9. Hartsville | 23. Paris |
| 10. Hohenwald | 24. Pulaski |
| 11. Jacksboro | 25. Ripley |
| 12. Jackson | 26. Shelbyville |
| 13. Knoxville | 27. Whiteville |
| 14. Livingston | |

Source: Tennessee Higher Education Commission

INCENTIVES

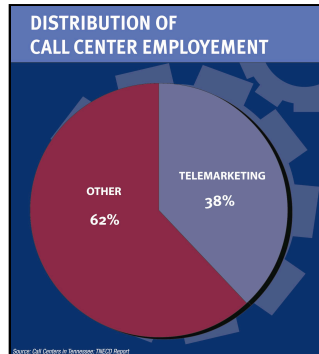
Tennessee's tax laws are particularly advantageous to the call center industry.

Personal Income tax

- No personal income tax.

Receive 1% excise tax credit for:

- The purchase of computers, computer networks, software, computer systems, telephone systems and any peripheral devices purchased to reach the required capital investment necessary to qualify for the jobs tax credit.
- Net operating losses may carry forward 15 years.
- All capital losses may be claimed the year incurred.



Receive a tax credit of \$2,000 (or \$4,500 in special enhancement counties) per new full-time employee:

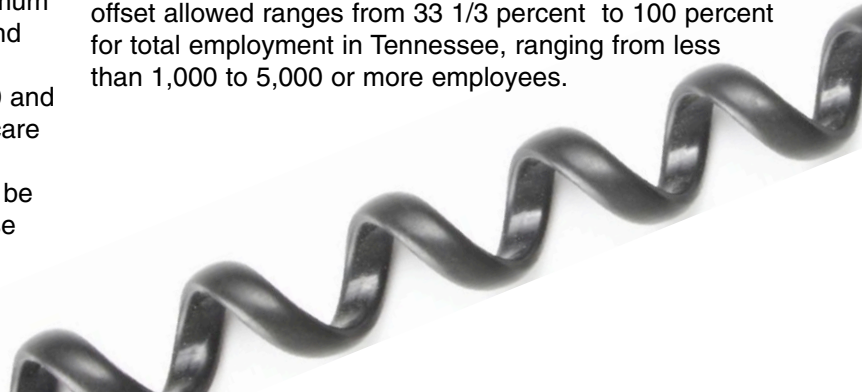
- In businesses that meet requirements of a minimum 25 new full-time jobs and additional capital investment of \$500,000 and offer a minimal health care plan.
- The jobs tax credit can be applied to both franchise and excise tax.

For companies that increase investment in Tennessee while concurrently conducting business in other states, Tennessee offers a double, weighted sales apportionment formula for franchise and excise taxes.

DID YOU KNOW?...

The result is that while property, payroll and sales are all taxed, they are done so in fourths, rather than thirds.

The percentage of franchise and excise tax liabilities offset allowed ranges from 33 1/3 percent to 100 percent for total employment in Tennessee, ranging from less than 1,000 to 5,000 or more employees.



REFERENCES

Business Development: Tennessee Tax Incentives. Tennessee Department of Economic and Community Development.

Call Centers in Tennessee. Tennessee Department of Economic and Community Development Division of Research and Planning.

North American Industry Classification System. United States: Office of Management and Budget, 2007.

Tennessee Higher Education Commission

U.S. Department of Labor, Bureau of Labor Statistics, 2009



KINGSLEY BROCK
BUSINESS DEVELOPMENT DIVISION

615.532.9821
WWW.TNECD.GOV



*Tennessee Department of Economic and Community
Development, Authorization #330983 – 1,000 copies
September 2009. This public document was promulgated
at a cost of \$1.22 per copy.*

